

Office of the President

TO THE MEMBERS OF THE COMMITTEE ON FINANCE:

ACTION ITEM

For Meeting of November 17, 2005

**RESOLUTION TO ADOPT CALIFORNIA EDUCATION CODE SECTION 92630
DEALING WITH DISTRIBUTION OF ALUMNI INFORMATION TO UNIVERSITY
AND ALUMNI ASSOCIATION AFFINITY PROGRAMS**

EXECUTIVE SUMMARY

Entities involved: The University and campus alumni associations

Issue: New California law requires The Regents' adoption of a section of the Education Code to enable the University and the campus alumni associations to continue to enter into affinity agreements.

Proposed Action: Adoption of Section 92630 of the California Education Code

RECOMMENDATION

The President recommends that the Committee on Finance recommend to The Regents the adoption of California Education Code Section 92630 to permit the University of California and the campus alumni associations to continue their affinity programs.

BACKGROUND

Universities and alumni associations throughout the country participate in so-called “partnerships” with commercial vendors, often called “affinity programs,” pursuant to which alumni and friends are offered certain financial services by the commercial vendor and the related university or alumni association receives a fee from the vendor. Examples of the services provided to alumni and friends through these affinity partnerships include travel programs, credit cards and other financial services, group rates and discounts for home and auto insurance, student-loan consolidation, and mortgage programs. The fees paid by the vendors provide revenue to the affinity partner. At UC, this affinity-agreement fund source supports alumni association administration, membership services, support for alumni scholarships, student mentoring, and career advising and placement. On some campuses this fund source has provided up to 40 percent of the operating budget of the campus alumni association. The annual income generated for UC alumni associations from such affinity programs is approximately \$5 million a year.

Since the late 1970s, UC and its UC alumni associations have entered into affinity agreements, primarily performing in-house mailing or using a third-party mailing house rather than distributing mailing lists. Recently, some affinity partners questioned whether these processes are permissible under California’s Information Practices Act (IPA) (Civil Code Section 1798.60). The IPA prohibits public institutions, including UC and CSU, from distributing the name and address of any individual for a commercial purpose, unless expressly authorized by law; therefore, UC joined with CSU to sponsor SB 569 (Torlakson) to eliminate any ambiguity regarding the use of affinity programs by agencies subject to the IPA.

A formal resolution by The Regents is required to adopt Education Code Section 92630, which carries the provisions of SB 569, to make its provisions applicable to the University of California and the campus alumni associations so that they may continue the affinity programs. Education Code Section 92630 remedies the inequity between California’s public universities and other institutions, including California’s private universities that participate in affinity programs.

Section 92630 also sets a high standard for privacy by requiring that affinity contracts contain a confidentiality clause prohibiting reuse of names and addresses, and that alumni and friends are expressly notified regarding their ability to opt out of disclosure of personal information, at no cost. Further, alumni and friends who have opted out of release of personal information under the Family Educational Rights and Privacy Act (FERPA) will not have their names and addresses disclosed to affinity partners.